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ACTION: P/E
INFO: PAO RAO RSO DAO DCM FCS AMB

DISSEMINATION: P/E /2
CHARGE: PROG

APPROVED: DCM:MRATNEY
DRAFTED: P/E:GSTRANDEMO,PYOTT
CLEARED: NONE

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TO RUEHC/SECSTATE WASHDC IMMEDIATE 6481
INFO RUEHHH/OPEC COLLECTIVE PRIORITY

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E.O. 12958: DECL: 04/09/2017
TAGS: [EPET](#) [PGOV](#) [RU](#) [IR](#) [QA](#)
SUBJECT: GAS EXPORTING COUNTRIES FORUM: NO GAS CARTEL

Derived from: DSCG 05-1, B,D.

¶1. (U) Summary. Ministers at the Gas Exporting Countries Forum (GECF), representing the world's top gas producers, rejected the idea of forming an OPEC-style gas cartel. The decision came after member countries, which together hold more than 70 per cent of natural gas reserves, discussed a proposal to set up a gas cartel along the lines of OPEC. GECF officials did agree to form an "experts committee" to examine issues related to the gas industry, but delegates said that the formation of a gas cartel was, at best, years away. End Summary.

No Gas Cartel; Expert Committed Formed

¶2. (U) The 6th ministerial session of the GECF was held in Doha, Qatar, on April 9. GECF ministers, representing the world's top gas producers, rejected the idea of forming an OPEC-style gas cartel, but did agree to form an "experts committee" to examine issues related to the gas industry. In the final communique of the GECF, the ministers agreed to form a high level committee chaired by Russia, as host of the next ministerial meeting, to assess and evaluate the performance of the GECF. At the meeting, Qatar took over the presidency of the GECF from Trinidad and Tobago, and Bolivia joined the group. The next GECF meeting is scheduled for Moscow in 2008.

¶3. (U) Energy Minister Abdullah bin Hamad al-Attiyah said that the expert panel would review issues such as pricing, marketing, infrastructure and problems affecting both producers and consumers. Al-Attiyah noted that rising power costs, a shortage of expert engineering companies, and the lack of an adequate labor supply were some of the biggest challenges facing the gas industry.

¶4. (C) Econoff discussed the gas cartel idea March 29 with ExxonMobil's country director, Alex Dodds; Qatargas CEO,

Faisal al-Soweidi; and Qatargas Public Relations Manager Abdulla Hajji. Dodds called the idea "absolute rubbish. With gas contracts stretched out over 25 years I don,t know what they think such an organization would accomplish. Oil is different from gas." Al-Suwaidi agreed. Qatargas Public Relations director Abdullah Hajji later said quietly, "We all know that this talk of a gas cartel is simply an effort by Venezuela, Iran and Russia to agitate Europe and the U.S. Nothing will come of it and Qatar does not support it."

Algeria: Price of Gas does not Reflect Its True Value

15. (U) Algerian Energy Minister Chakib Khelil told the press April 9 that the establishment of a gas cartel was not technically viable for at least 10 to 15 years. Khelil noted that a liquid gas market was necessary to have an OPEC-style gas cartel, and that right now only a small part of the gas market was liquid. Khelil did note that the most important issues facing the gas industry was pricing, as "the price of gas does not reflect its real value."

Venezuela and Iran Leading the Charge for Gas OPEC

16. (U) Local English-language press characterized Venezuela and Iran as leading the charge for a gas OPEC, saying this would further the interests of producers. Iranian Oil Minister Kazem Vaziri Hemaneh said that, as it was with OPEC, the process of forming a gas cartel would be a lengthy one, but that having such an organization would be beneficial to all sides. This position is in stark contrast to the warning this year from officials at the International Energy Agency, who said that a gas cartel would reduce demand and hurt producers.
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